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NSC 5703/1

May 6, 1957

NATIONAL SECURITY COUNCIL

U. S. POLICY TOWARD TURKEY

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NSC 5703/1

TOP SECRET

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NOTE BY THE EXECUTIVE SECRETARY
to the
NATIONAL SECURITY COUNCIL
on

U. S. POLICY TOWARD TURKEY

- References: A. NSC 5510/1
B. NSC 5610
C. NSC Actions Nos. 1436, 1560 and 1624
D. Memo for NSC from Executive Secretary,
subject: "Report by the Interdepart-
mental Committee on Certain U. S. Aid
Programs", dated December 5, 1956
E. NSC 5708
F. Memo for NSC from Executive Secretary,
subject: "U. S. Policy Toward Turkey",
dated March 11, 1957
G. NSC Action No. 1682

The enclosed draft statement of policy on the subject,
prepared by the NSC Planning Board pursuant to NSC Action
No. 1682-b, is transmitted herewith for consideration by the
National Security Council at its meeting on Thursday,
May 16, 1957

A Financial Appendix is also attached for the information
of the Council.

The enclosed statement of policy, if adopted, is intended
to supersede NSC 5510/1.

It is recommended that, if the Council adopts the en-
closed statement of policy, it be submitted to the President
with the recommendation that he approve it, direct its
implementation by all appropriate Executive departments and
agencies of the U. S. Government, and designate the Operations
Coordinating Board as the coordinating agency.

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on

TURKEYGENERAL CONSIDERATIONS

1. In the post-war period, Turkey has taken on particular importance in U. S. efforts to build a position of strength in the Near East. It is strategically located astride the Bosphorus-Dardanelles water passage from the Black Sea to the Mediterranean and has contiguous land frontiers with Russia and Bulgaria. Aware of Turkey's strategic importance, the USSR has exerted political pressures on Turkey and, more recently, offered economic assistance. However, Turkey has rejected these overtures and has remained aligned with the West.

2. Turkey has granted extensive military facilities to the United States which have great strategic value. SAC facilities in Turkey extend U. S. capabilities to mount effective air strikes in the event of hostilities with the USSR. Turkey is a link in the chain of U. S. military global communications. Facilities within Turkey have also been granted to the Navy. In addition, the headquarters of the NATO Commander Allied Land Forces Southeast Europe and of the 6th Allied Tactical Air Force are located at Izmir.

3. Turkey is consistently endeavoring to broaden and strengthen its ties with Western Europe and the United States,

TOP SECRET

and is an active member of the United Nations and NATO. Turkey's military contribution in the Korean action was outstanding. At the Bandung Conference of Afro-Asian countries, Turkey boldly defended Western democratic principles in the face of Chinese Communist maneuvering and Asian neutralist activities.

4. The Turkish Government has played a very active part in the creation of two regional organizations to bolster security and stability in its area, the Balkan Pact and the Baghdad Pact. The more far-reaching in geographic impact was the Baghdad Pact formed in 1955. Turkey played a vigorous and skillful role in the organization of the Baghdad Pact, in which the United States saw the embodiment of the "Northern Tier" concept. Turkey has subsequently played a leading role in the activities of the Baghdad Pact and has actively urged the United States to adhere to the Pact and give it greater military and economic support.

5. Turkey can exert considerable influence on certain countries of the Middle East, both through the Baghdad Pact and independently. Turkey has taken an outspokenly pro-Western position in Middle East affairs and has therefore helped to stiffen opposition to ultranationalist and pro-Soviet influence in the area. The Turkish Government has maintained an open distrust of President Nasser and has countered sharply Egyptian propaganda efforts to weaken the Baghdad Pact. In the Suez Canal controversy, Turkey has stood

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firmly at the side of the United States, Turkey has viewed with particular concern growing Communist influence in Syria.

6. Because of the involvement of NATO countries, the United States has a serious concern in the long-standing dispute over the future political status of Cyprus. The population of Cyprus is 4/5 of Greek, and 1/5 of Turkish, origin. Since 1878, Cyprus has been a British colony, in which currently the U.K. maintains a large military force. Because Cyprus is so near the Turkish mainland, and because of concern for the ethnic Turkish minority, Turkey strongly opposes the desire of Greece that the Cypriot population be granted self-determination (which would inevitably result in a union of Cyprus with Greece). The United States has continued to emphasize to the Turks, the Greeks, and the British the need for flexibility in their positions to permit a solution of the problem.

7. Turkey is undergoing one of the most extensive social and political revolutions of modern times. Politically, it is the most stable country in the Middle East. In addition to strong leadership, the stability of Turkey derives in large part from the broad agricultural base of the country, in turn founded on a wide and effective land distribution system. A democratic form of government with a multi-party system is evolving and Western cultural concepts are being developed. But despite its great progress, the transformation of Turkey from a backward oriental despotism to a fully democratic

~~TOP SECRET~~

institution is far from complete. Strong limitations on freedom of the press and restrictions on the right of political assembly reflect authoritarian leanings within the government. Strong control by the government of enterprise, its actual operation of certain major economic activities, and its control of labor inhibit the growth of a stable industrial middle class.

3. Turkey is in the throes of intensive national development which poses serious problems both for Turkey and for the United States in U. S. efforts to assist Turkey. In addition to its military program, the Turkish Government has been attempting to carry out a program of economic growth far in excess of its resources. The gross national product has increased; and the roads, harbors, power plants and factories which have been built should increasingly contribute to Turkey's economic strength. However, Turkey's foreign exchange resources are now virtually exhausted and a heavy external debt has been contracted. Some of the investment that has taken place has been misdirected and there appears to have been a considerable flight of capital from the country. Inflation is serious and the exchange rate of the Turkish lira is unrealistic. As internal prices rise and Turkey's credit standing deteriorates further, it becomes increasingly difficult for Turkey to compete in Western markets.

9. Thus far the Turkish Government has made only limited progress toward restoring economic stability. As a result of

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U. S. refusal in 1955 to provide a \$300 million loan without prior economic reforms, recommendations by the International Monetary Fund in 1955, and pressures generated by internal economic and political developments, the Turkish Government imposed some limitations on new investment, bank credits and prices. However, after exhibiting some restraint through the fall of 1956, the Turkish Government has returned to a policy of increased developmental effort. Moreover, Turkey has not developed a comprehensive program which, based on effective utilization of total internal and available external resources, could effectively achieve a reasonable degree of economic stability. Basic measures, particularly a revaluation of the Turkish lira and a slowing up of the development program generally, are required. But it must be recognized that the Turkish Government, especially as the elections approach, is unlikely to undertake fundamental economic reforms. Nevertheless, continued U. S. efforts may have some influence on Turkish economic policy and may stimulate efforts to stabilize the economy, even in an election year.

10. In relation to U. S. aid, the United States must face three possible courses of action by the Turks: (a) a continuing refusal to slow down its investment program, to stabilize the economy and to take the necessary corrective action to remove the disparity between internal and external prices; (b) inconclusive and insufficient actions in these directions; (c) effective actions in these directions. The

~~TOP SECRET~~

consequences of either of the first two courses of action will mean continuing balance of payments problems, a slacking off in new foreign credits, both governmental and private, inability to make payments on present heavy foreign indebtedness, shortages of imported items and internal inflation, and external resources requirements which the United States, even if willing, would be unable to meet from limited foreign aid resources. The third course of action could eventually result in greater Turkish economic strength and stability.

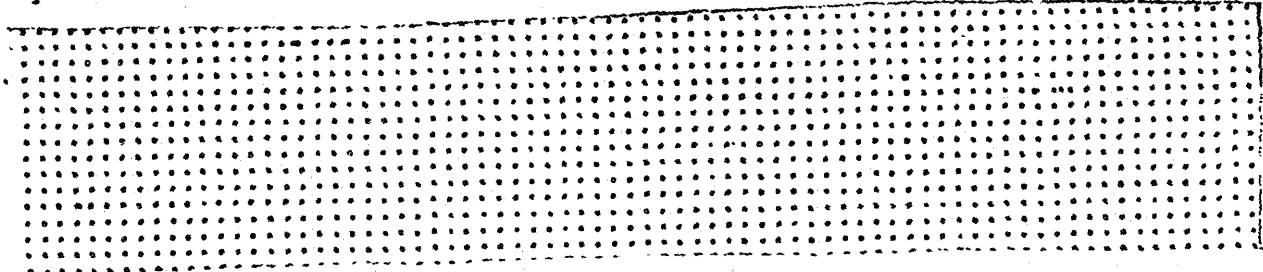
11. Stabilization of the Turkish economy is required in the mutual interest of the United States and Turkey. However, should categorical conditions be attached to the extending of U. S. aid, the Turkish Government might well reject these efforts as an unwarranted intrusion on Turkish sovereignty. Furthermore this action could have the undesirable result of imposing a severe strain on U. S.-Turkish relations and thus could possibly defeat its own objectives. If the United States can influence the Turkish Government toward economic reforms, it will be through persuasion and leadership.

12. The Turkish Government has committed Turkish ground and air forces to NATO wartime tactical command, and its naval forces under national command are assigned NATO missions in time of war. The NATO-recommended force goals, and the U. S. force goals for Turkey, which are substantially identical, are designed primarily to carry out the following missions: To resist direct Soviet attack as part of a concerted allied

~~TOP SECRET~~

defense, to withstand an assault by satellite forces, to protect the vitally important Straits, to protect Turkey's southern flank, and to maintain internal security. Forces capable of achieving these missions should also be capable of providing some support to Turkey's Baghdad Pact neighbors, Iran and Iraq.

13. Turkish military forces are deeply patriotic, well-disciplined, and physically tough. The condition of the Turkish defense establishment has been greatly improved as a result of the U. S. military aid program. Yet much remains to be accomplished before Turkish military forces will be capable of carrying out their missions fully. A serious problem impeding a substantial improvement in the Turkish armed forces is the low level of education and technical training which generally prevails throughout the country, for which selective remedies can be provided in the case of the armed forces. This limitation impedes the absorption of additional materiel, which is required if the Turkish forces are to attain the level of effectiveness currently envisaged. Recently the Turkish Government has expressed grave concern over the increasing threat of Soviet penetration into the Near East, and has requested additional support to meet this threat.



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21. Continued access by the United States and its allies to Turkish resources and military facilities necessary for the preservation and further strengthening of the Free World.

22. Improved Turkish relations with Greece, the Arab States and Israel.

23. Achievement of a stable Turkish economy which can support an increasingly greater share of its defense expenditures, while maintaining investment outlays at realistic levels.

MAJOR POLICY GUIDANCE

General

24. Assist Turkey in developing the long-term economic and military strength which will assure its independence and counteract Communist attempts at penetration and subversion.

25. Continue to encourage Turkish recognition of the fact that the United States regards the security of Turkey as an important part of the security of the Atlantic Community and intends to develop an increasingly effective defense posture with Turkey within the resources of the two countries.

26. Continue to deal with Turkey as a NATO partner, and as a country capable of leading a bloc of Middle East countries ready to further collective security arrangements.

27. Deal in a friendly yet realistic manner with the Turks, making clear that the entire U. S. assistance program to Turkey is based on the assumption that Turkey will make

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progress toward economic stabilization and a realistic rate
of exchange.

~~TOP SECRET~~Economic Assistance

32. Encourage the Turkish Government to take more effective actions to stabilize the economy and establish a realistic rate of exchange in order that Turkey's own resources as well as U. S. assistance can be more effectively utilized and progress made toward the creation of a stronger economy.

~~TOP SECRET~~Turkish Relations with the Free World

35. Encourage Turkey to continue its active participation in regional security agreements.
36. Extend appropriate encouragement to Turkey in its efforts to establish good relations with the Arab States and Israel and to exert such influence as might have a stabilizing influence on those states.
37. Continue to exert influence on the Turkish Government to reach an accord with the United Kingdom and Greece for a settlement of the Cyprus question.